

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

DEFENSE BASE REALIGNMENT AND CLOSURE
MILITARY CONSTRUCTION BUDGET DATA
FOR THE ARMY RESERVE CENTER,
SACRAMENTO, CALIFORNIA

Report No. 95-203

May 25, 1995

20000121 085

Department of Defense

DISTRIBUTION STATEMENT A

Approved for Public Release
Distribution Unlimited

DTIC QUALITY INSPECTED 1

AGI 00-04-0996

INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Defense Base Realignment and Closure Military Construction Budget Data for the Army Reserve Center, Sacramento, California

B. DATE Report Downloaded From the Internet: 01/21/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #):
OAIG-AUD (ATTN: AFTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-2884

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: __VM__ Preparation Date 01/21/99

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.

Additional Copies

To obtain additional copies of this report, contact the Secondary Reports Distribution Unit, Audit Planning and Technical Support Directorate, at (703) 604-8937 (DSN 664-8937) or FAX (703) 604-8932.

Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Planning and Coordination Branch, Audit Planning and Technical Support Directorate, at (703) 604-8939 (DSN 664-8939) or FAX (703) 604-8932. Ideas and requests can also be mailed to:

Inspector General, Department of Defense
OAIG-AUD (ATTN: APTS Audit Suggestions)
400 Army Navy Drive (Room 801)
Arlington, Virginia 22202-2884

DoD Hotline

To report fraud, waste, or abuse, contact the Defense Hotline by calling (800) 424-9098; by sending an electronic message to Hotline@DODIG.OSD.MIL; or by writing the Defense Hotline, The Pentagon, Washington, D.C. 20301-1900. The identity of each writer and caller is fully protected.

Acronyms

BRAC
COBRA
MILCON

Base Realignment and Closure
Cost of Base Realignment Actions
Military Construction



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



May 25, 1995

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
AUDITOR GENERAL, DEPARTMENT OF THE ARMY**

SUBJECT: Audit Report on Defense Base Realignment and Closure Military
Construction Budget Data for the Army Reserve Center,
Sacramento, California (Report No. 95-203)

We are providing this final report for your review and comment. This report is one in a series of reports about FY 1996 Defense base realignment and closure military construction costs.

Management should provide comments on this final report that conform to the requirements of DoD Directive 7650.3. As a result of information obtained after issuance of the draft report, we redirected one recommendation. Therefore, we request that the Under Secretary of Defense (Comptroller) provide comments on Recommendation 1. and that the Army provide comments on Recommendation 2. by June 26, 1995.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Ms. Kimberley A. Caprio, Audit Program Director, at (703) 604-9248 (DSN 664-9248) or Ms. Victoria C. Hara, Audit Project Manager, at (703) 604-9228 (DSN 664-9228). Copies of the report will be distributed to the organizations listed in Appendix F. The audit team members are listed inside the back cover.

David K. Steensma

David K. Steensma
Deputy Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 95-203
(Project No. 5CG-5017.14)

May 25, 1995

Defense Base Realignment and Closure Military Construction Budget Data for the Army Reserve Center, Sacramento, California

Executive Summary

Introduction. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, directs the Secretary of Defense to ensure that the amount of the authorization that DoD requested for each military construction project associated with Defense base realignment and closure does not exceed the original estimated cost provided to the Commission on Defense Base Closure and Realignment (the Commission). If the requested budget amounts exceed the original project cost estimates provided to the Commission, the Secretary of Defense is required to explain to Congress the reasons for the differences. The Inspector General, DoD, is required to review each base realignment and closure military construction project for which a significant difference exists from the original cost estimate and to provide the results of the review to the congressional Defense committees. This report is one in a series of reports about FY 1996 Defense base realignment and closure military construction costs.

Audit Objectives. The overall audit objective was to determine the accuracy of Defense base realignment and closure military construction budget data. This report provides the results of the audit of one project, valued at \$2 million, for renovating a building as part of the closure of the Sacramento Army Depot, Sacramento, California. The audit also assessed the adequacy of the management control program as it applied to the audit objectives.

Audit Results. The Army Reserve did not cancel project 45589, "Army Reserve Center," when the need to temporarily relocate Army Reserve soldiers and assets was eliminated. As a result, the Army overstated base realignment and closure military construction funding by \$2 million. See Part I for a discussion of the finding and Appendix D for a summary of potential benefits of the audit. The review of the management control program will be discussed in a summary report on base realignment and closure military construction budget data.

Summary of Recommendations. We recommend that the Under Secretary of Defense (Comptroller) cancel all funding for project 45589. In addition, we recommend that the Assistant Secretary of the Army (Installations, Logistics, and Environment) cancel project 45589 and all planning and design funding.

Management Comments. As of the date of this report, the Under Secretary of Defense (Comptroller) and the Army had not responded to the draft report. We redirected one recommendation to cancel project 45589 to the Assistant Secretary of the Army (Installations, Logistics, and Environment). We request comments from the Under Secretary of Defense (Comptroller) and the Army by June 26, 1995.

Table of Contents

Executive Summary	i
Part I - Audit Results	
Audit Background	2
Audit Objectives	2
Renovation of Building 650	3
Part II - Additional Information	
Appendix A. Scope and Methodology	8
Appendix B. Summary of Prior Audits and Other Reviews	9
Appendix C. Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 Defense Base Realignment and Closure Military Construction Costs	14
Appendix D. Summary of Potential Benefits Resulting From Audit	16
Appendix E. Organizations Visited or Contacted	17
Appendix F. Report Distribution	18

Part I - Audit Results

Audit Results

Audit Background

The Inspector General, DoD, is performing various audits of the Defense base realignment and closure (BRAC) process. This report is one in a series of reports about FY 1996 BRAC military construction (MILCON) costs. For additional information on the BRAC process and the overall scope of the audit of BRAC MILCON costs, see Appendix C.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed projects were valid BRAC requirements, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. The audit also assessed the adequacy of the Sacramento Army Depot management control program as it applied to the overall audit objective.

This report provides the results of the audit of one BRAC MILCON project, valued at \$2 million, for renovating a building as part of the closure of the Sacramento Army Depot, Sacramento, California. See Appendix A for a discussion of the scope and methodology and Appendix B for a summary of prior coverage related to the audit objectives. The management control program will be discussed in a summary report on BRAC MILCON budget data. Therefore, this report does not discuss our review of management controls.

Renovation of Building 650

The Army Reserve did not cancel project 45589, "Army Reserve Center," a \$2 million BRAC MILCON project to renovate building 650 on the Army Reserve Enclave, Sacramento, California, when the need for temporary space was eliminated. The Army Reserve did not cancel project 45589 because the Army needs to renovate building 650 to fulfill non-BRAC requirements. Also, the Army relocated a battalion to the Sacramento Army Depot grounds after the Army knew of the decision to close the Sacramento Army Depot. As a result, the Army overstated BRAC MILCON funding by \$2 million.

History of Sacramento Army Depot Closure

The 1991 Commission on Defense Base Closure and Realignment (the Commission) recommended closing the Sacramento Army Depot, Sacramento, California, but also recommended that the Army retain an enclave of 50 acres for Reserve Component use. Of the 50 acres, 33.5 acres were allocated to the Army Reserve and 16.5 acres were allocated to the California Army National Guard. In February 1993, the Acting Assistant Secretary of the Army approved the permanent Reserve enclave and the construction of a new Army Reserve Center, valued at \$20.9 million, on the enclave. The Army subsequently approved a \$2 million BRAC MILCON project to alter building 650 on the enclave for use as a temporary Army Reserve Center until the new center is completed. The Army Reserve expects the construction of the new center to be completed in FY 2000.

Description of Alterations to Building 650

The Army submitted a DD Form 1391, "FY 1996 Military Construction Program," dated February 2, 1995, to alter building 650 from barracks to an administrative, training, and storage building. The project included renovation of kitchen facilities; upgrades to mechanical, electrical, and telecommunication systems; and replacement of deteriorated roofing.

The Army Reserve needed the alterations to building 650 on the enclave to support the relocation of Army Reserve soldiers and assets from Hannum Hall, located on the portion of the Sacramento Army Depot which was being closed. Hannum Hall was the Army Reserve Center before the Army closed Sacramento Army Depot. Building 650 would temporarily house the Army Reserve soldiers and assets within the Army Reserve Enclave until the new Army Reserve Center was built. Upon completion of the new Army Reserve Center, the renovated kitchen and dining facilities in building 650 would serve as the permanent Army

Renovation of Building 650

Reserve Center dining and mess facility and the remaining two floors would revert back to barracks. The new Army Reserve Center does not include kitchen or dining facilities.

Memorandums of Agreement

The Army signed two memorandums of agreement with the city of Sacramento to use property transferred to the city when the depot was closed. The signing of the second agreement meant that the Army no longer needed to renovate building 650 to house relocated soldiers and assets from Hannum Hall.

First Memorandum of Agreement. The first memorandum of agreement, dated December 8, 1994, permits the Army Reserve to use building 320, located on the transferred property, until June 30, 1995. The memorandum of agreement also allowed continued use of Hannum Hall until July 1997. The project to renovate building 650 was intended to provide temporary facilities, after July 1997, until the new Army Reserve Center becomes available in FY 2000.

Second Memorandum of Agreement. The second memorandum of agreement, dated February 27, 1995, permits the Army Reserve to use Hannum Hall and buildings 666, 668, 670, and 672 rent-free until September 30, 2000. The soldiers and assets that were scheduled to move into building 650 after its renovation currently reside at Hannum Hall and now can continue to reside there. Therefore, project 45589 to renovate building 650 is no longer needed as a temporary Army Reserve Center as identified on the DD Form 1391.

Army Reserve Non-BRAC Requirements

The Army Reserve maintains that BRAC funding should be provided either on a proportionate basis toward the construction of the new Army Reserve Center or for the upgrade of building 650. The Army Reserve has not demonstrated that facilities do not exist on the Army Reserve Enclave, Sacramento, for the units affected by BRAC. Therefore, the Army Reserve is not entitled to receive BRAC funds to use toward the construction of the new Army Reserve Center. The Army did not cancel the project because it needs to renovate building 650. However, the need for those renovations is not a result of the Sacramento Army Depot closing.

Non-BRAC Renovations. Building 650 is a barracks-type facility and was used by the High Tech Regional Training Site-Maintenance school (High Tech), a Reserve-funded electronic maintenance school located on the Army Reserve Enclave, Sacramento, as barracks. Building 650 does not comply with the National Fire Protection Association code for use as barracks. The Army is obtaining a contract hotel for the High Tech students.

Because the Army intends to revert building 650 back to a barracks-type facility in support of High Tech upon completion of the new Army Reserve Center, the Army needs to renovate building 650 to be in compliance with the National Fire Protection Association code. The renovations do not qualify for BRAC MILCON funding because the renovations were not needed as a result of the Sacramento Army Depot closing.

Non-BRAC Relocations. When the Commission recommended closing the Sacramento Army Depot, the 319th Signal Battalion was not located on the Sacramento Army Depot. Three companies of the 319th Signal Battalion subsequently moved to the Sacramento Army Depot. Therefore, relocation of the 319th Signal Battalion does not qualify for BRAC funds on project 45589 and should not qualify for BRAC funds in the future.

The Army Reserve did not include the 319th Signal Battalion as a unit designated for project 45589, renovation of building 650. The Army Reserve, with knowledge of the pending closure, moved the 319th Signal Battalion onto the Sacramento Army Depot in 1994.

The 319th Signal Battalion currently occupies five buildings on the enclave and two buildings (buildings 320 and 672) on space on the former Sacramento Army Depot that now belongs to the city of Sacramento. The 319th Signal Battalion uses building 320 to train Army reserves on new equipment. The 319th Signal Battalion will complete training on the new equipment by June 1995, when the memorandum of agreement for building 320 use ends. After June 1995, the 319th Signal Battalion needs a secure area to store its equipment on the enclave. The secure area can be outdoors and does not have to be a building.

The Army Reserve did not authorize the relocation of the 319th Signal Battalion until after the decision was made to close the Sacramento Army Depot. Therefore, the need to relocate the equipment onto the Army Reserve Enclave does not qualify for BRAC MILCON funding.

Status of Funding

Authorization of Program and Design Funds. On February 24, 1995, representatives from the Office of the Chief, Army Reserve, requested authorization and funding from the Army Assistant Chief of Staff for Installation Management to begin design of project 45589. The Office of the Army Assistant Chief of Staff for Installation Management released program and design funds to the Army Corps of Engineers for project 45589 on March 23, 1995.

Program and Design on Hold. On March 28, 1995, auditors from the Office of the Inspector General, DoD, met with the Office of the Army Assistant Chief of Staff for Installation Management to discuss the need for renovating building 650. The Inspector General, DoD, requested that no funds be provided for the planning and design for project 45589. The Office of the Army

Renovation of Building 650

Assistant Chief of Staff for Installation Management agreed and directed the Army Corps of Engineers not to release the funds until the need to renovate building 650 with BRAC funds is evaluated.

Conclusion

As a result of the second memorandum of agreement, which permits the Army Reserve to use Hannum Hall until the new Army Reserve Center is expected to be completed, the BRAC renovation of building 650 was no longer needed. The Under Secretary of Defense (Comptroller) should cancel all BRAC funding for project 45589. The Army should cancel project 45589.

Recommendations for Corrective Action

Redirected Recommendation. As a result of information obtained after the draft report, we redirected Recommendation 2. to the Assistant Secretary of the Army (Installations, Logistics, and Environment) to cancel project 45589, "Army Reserve Center."

1. We recommend that the Under Secretary of Defense (Comptroller) cancel all base realignment and closure funding for project 45589, "Army Reserve Center."
2. We recommend that the Assistant Secretary of the Army (Installations, Logistics, and Environment) cancel project 45589, "Army Reserve Center," and all planning and design funding.

Management Comments

The Under Secretary of Defense (Comptroller) and the Army did not provide comments on a draft of this report. Therefore, we request the Under Secretary of Defense (Comptroller) and the Army to provide comments in response to the final report.

Part II - Additional Information

Appendix A. Scope and Methodology

Scope of This Audit. We examined the FY 1996 BRAC MILCON budget request and related documentation for the alteration of building 650 as a temporary Army Reserve Center at Sacramento, California. The Army estimated the project cost of \$2 million.

Audit Standards, Period, and Locations. This economy and efficiency audit was made from January through April 1995 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. Accordingly, we included tests of management controls considered necessary. The audit did not rely on computer-processed data or statistical sampling procedures. See Appendix D for the potential benefits resulting from the audit. Appendix E lists the organizations visited or contacted during the audit.

Appendix B. Summary of Prior Audits and Other Reviews

Since 1991, numerous audit reports have addressed DoD BRAC issues. This appendix lists selected DoD and Army BRAC reports.

Inspector General, DoD

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
95-198	Defense Base Realignment and Closure Budget Data for the Closure of the Underway Replenishment Training Facility, Treasure Island, California, and Realignment to the Expeditionary Warfare Training Group Atlantic, Norfolk, Virginia	May 19, 1995
95-196	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Alameda, California, and Realignment to Puget Sound Naval Shipyard, Washington	May 17, 1995
95-191	Defense Base Realignment and Closure Budget Data for the Closure of Naval Reserve Readiness Center San Francisco, California, and Realignment to Naval and Marine Corps Reserve Center Alameda, California	May 15, 1995
95-172	Defense Base Realignment and Closure Budget Data for Griffiss Air Force Base, New York	April 13, 1995
95-154	Audit of Construction Budget Data for Realigning Naval Training Centers Orlando and San Diego to Various Locations	March 21, 1995
95-150	Defense Base Realignment and Closure Budget Data for Closing Naval Station Charleston, South Carolina, and Realigning Projects to Various Sites	March 15, 1995
95-051	Defense Base Realignment and Closure Budget Data for Closing Mare Island Naval Shipyard, California, and Realigning Projects to Various Sites	December 9, 1994

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
95-041	Defense Base Realignment and Closure Budget Data for the Closure of Marine Corps Air Stations El Toro and Tustin, California, and the Realignment to Naval Air Station Miramar, California	November 25, 1994
95-039	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, Realigning to Naval Air Station Fallon, Nevada	November 25, 1994
95-037	Realignment of the Fleet and Mine Warfare Training Center from Naval Station Charleston, South Carolina, to Naval Station Ingleside, Texas	November 23, 1994
95-029	Defense Base Realignment and Closure Budget Data for Naval Air Station Miramar, California, and Realigning Projects to Various Sites	November 15, 1994
95-010	Defense Base Realignment and Closure Budget Data for Marine Corps Air Station Tustin, California, and Realignment to Marine Corps Air Station Camp Pendleton, California	October 17, 1994
94-179	Defense Base Realignment and Closure Budget Data for McGuire Air Force Base, New Jersey; Barksdale Air Force Base, Louisiana; and Fairchild Air Force Base, Washington	August 31, 1994
94-146	Defense Base Realignment and Closure Budget Data for Closing Naval Air Station Cecil Field, Florida, and Realigning Projects to Various Sites	June 21, 1994
94-141	Defense Base Realignment and Closure Budget Data for Naval Air Stations Dallas, Texas, and Memphis, Tennessee, Realigning to Carswell Air Reserve Base, Texas	June 17, 1994

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
94-127	Defense Base Realignment and Closure Budget Data for the Realignment of the Defense Personnel Support Center to the Naval Aviation Supply Office Compound in North Philadelphia, Pennsylvania	June 10, 1994
94-126	Defense Base Realignment and Closure Budget Data for the Closure of Naval Air Station Glenview, Illinois, and Realignment Projects at Fort McCoy, Wisconsin, and Carswell Air Reserve Base, Texas	June 10, 1994
94-125	Defense Base Realignment and Closure Budget Data for the Naval Medical Center Portsmouth, Virginia	June 8, 1994
94-121	Defense Base Realignment and Closure Budget Data for Naval Air Technical Training Center, Naval Air Station Pensacola, Florida	June 7, 1994
94-109	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Training Center Great Lakes, Illinois	May 19, 1994
94-108	Quick-Reaction Report on the Audit of Defense Base Realignment and Closure Budget Data for Naval Station Treasure Island, California	May 19, 1994
94-107	Griffiss Air Force Base, New York, Defense Base Realignment and Closure Budget Data for Military Construction at Other Sites	May 19, 1994
94-105	Defense Base Realignment and Closure Budget Data for a Tactical Support Center at Naval Air Station Whidbey Island, Washington	May 18, 1994
94-104	Defense Base Realignment and Closure Budget Data for the Defense Contract Management District-West	May 18, 1994

Appendix B. Summary of Prior Audits and Other Reviews

Inspector General, DoD (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
94-103	Air Force Reserve 301st Fighter Wing Covered Aircraft Washrack Project, Carswell Air Reserve Base, Texas	May 18, 1994
94-040	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for FYs 1993 and 1994	February 14, 1994
93-100	Summary Report on the Audit of Defense Base Closure and Realignment Budget Data for Fiscal Years 1992 and 1993	May 25, 1993

Army Audit Service

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
SR 94-713	Installation Military Value Assessments, Total Army Basing Study 1993 U.S. Army Training and Doctrine Command, Fort Monroe, VA	August 25, 1994
CR 94-714	Base Realignment and Closure 1993 Construction Requirements Red River Army Depot, Texarkana, TX	August 24, 1994
SR 94-711	Installation Military Value Assessments, Total Army Basing Study 1993 U.S. Army Materiel Command, Alexandria, VA	August 3, 1994
NR 94-705	Base Realignment and Closure 1993 Construction Requirements Detroit Arsenal, Warren, MI	June 8, 1994
SR 94-704	Base Realignment and Closure 1993 Construction Requirements U.S. Army Garrison, Fort George G. Meade, MD	March 30, 1994
CR 94-703	Base Realignment Construction Requirements U.S. Army Engineer Center and Fort Leonard Wood, Fort Leonard Wood, MO	March 23, 1994
CR 94-702	Review of FY 93 Base Realignment Construction Requirements Red River Army Depot, Texarkana, TX	March 23, 1994

Appendix B. Summary of Prior Audits and Other Reviews

Army Audit Service (cont'd)

<u>Report No.</u>	<u>Report Title</u>	<u>Date</u>
NR 94-703	Base Realignment and Closure 1993 Construction Requirements Tobyhanna Army Depot, Tobyhanna, PA	February 11, 1994
NR 94-704	Base Realignment and Closure 1993 Construction Requirements Fort Monmouth, NJ	February 10, 1994
NR 94-702	Base Realignment and Closure 1993 Construction Requirements Letterkenny Army Depot, Chambersburg, PA	February 9, 1994
CR 94-701	Review of Base Realignment Construction Requirements--Information Memorandum U.S. Army Engineer Center and Fort Leonard Wood, Fort Leonard Wood, MO	January 24, 1994
SR 94-701	Base Realignment and Closure 1993 Construction Requirements U.S. Army Training Center and Fort Jackson, Fort Jackson, SC	December 20, 1993
WR 94-700	Review of 1993 Base Realignment and Closure Construction Requirements U.S. Army Intelligence Center and Fort Huachuca, Fort Huachuca, AZ	November 17, 1993
CR 93-709	Review of FY 93 Base Realignment Construction Requirements Anniston Army Depot, Anniston, AL	August 6, 1993
NR 93-712	Audit of Base Realignment and Closure Construction Requirements, Rock Island, IL	July 29, 1993

Appendix C. Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 Defense Base Realignment and Closure Military Construction Costs

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the DoD Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress. The following table summarizes the current estimated costs and net savings for the previous three BRAC actions and the actions recommended in the 1995 Commission decisions:

BRAC Costs and Savings
(Billions of FY 1996 Dollars)

	<u>BRAC Actions</u>		<u>Closure Costs</u>	<u>6-Year Net Savings</u>	<u>Recurring Annual Savings</u>	<u>Total Savings</u>
	<u>Realignments</u>	<u>Closures</u>				
1988	86	59	\$ 2.2	\$0.3	\$0.7	\$ 6.8
1991	34	48	4.0	2.4	1.6	15.8
1993	<u>130</u>	<u>45</u>	<u>6.9</u>	<u>.4</u>	<u>1.9</u>	<u>15.7</u>
Subtotal	250	152	13.1	3.1	4.2	38.3
1995	<u>113</u>	<u>33</u>	<u>3.8</u>	<u>4.0</u>	<u>1.8</u>	<u>18.4</u>
Total	363	185	\$16.9	\$7.1	\$6.0	\$56.7

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Appendix C. Background of Defense Base Realignment and Closures and Scope of the Audit of FY 1996 Defense Base Realignment and Closure Military Construction Costs

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model (COBRA). COBRA uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1996 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. COBRA provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because COBRA develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Overall Audit Selection Process. We reviewed the FY 1996 BRAC MILCON \$1.4 billion budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations. We grouped the remaining BRAC MILCON projects by location and selected groups of projects that totaled at least \$1 million for each group.

Appendix D. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and Type of Benefit
1.	Economy and Efficiency. Cancels all funding for BRAC MILCON project 45589.	FY 1996 Base Closure Account funds of \$2 million put to better use.
2.	Economy and Efficiency. Cancels BRAC MILCON project 45589 and all planning and design funding.	Undeterminable.*

*Exact amount of additional benefits to be realized will be determined by future budget decisions and budget requests.

Appendix E. Organizations Visited or Contacted

Office of the Secretary of Defense

Under Secretary of Defense (Comptroller), Washington, DC

Department of the Army

Army Materiel Command, Alexandria, VA

Army Armament Munitions and Chemical Command, Rock Island, IL

Army Depot System Command, Chambersburg, PA

Tooele Army Depot, UT

Sacramento Army Depot, CA

Assistant Secretary of the Army (Financial Management and Comptroller),
Washington, DC

Assistant Secretary of the Army (Installations, Logistics and Environment),
Washington, DC

Army Corps of Engineers, Washington, DC

South Pacific Division, San Francisco, CA

Sacramento District, CA

Auditor General, Department of the Army

Office of the Chief, Army Reserve, Washington, DC

Army Reserve Command, Atlanta, GA

124th Army Reserve Command, Fort Lawton, WA

104th Army Reserve Command, Portland, OR

319th Signal Battalion, Sacramento, CA

Army Reserve Enclave, Sacramento, CA

Assistant Chief of Staff for Installation Management, Washington, DC

Appendix F. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
 Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
 Deputy Under Secretary of Defense (Comptroller/Management)
 Deputy Under Secretary of Defense (Comptroller/Program/Budget)
Under Secretary of Defense for Personnel and Readiness
Assistant Secretary of Defense (Economic Security)
 Deputy Assistant Secretary of Defense (Installations)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Assistant Secretary of the Army (Financial Management and Comptroller)
Assistant Secretary of the Army (Installations, Logistics, and Environment)
Auditor General, Department of the Army
Assistant Chief of Staff for Installation Management
Commander, Army Corps of Engineers
Chief, Army Reserve
Commander, Army Reserve Command

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency
Inspector General, Central Imagery Office

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Technical Information Center, National Security and International Affairs Division,
General Accounting Office

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Subcommittee on Military Construction, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Military Construction, Committee on Appropriations
House Subcommittee on National Security, Committee on Appropriations
House Committee on Government Reform and Oversight
House Subcommittee on National Security, International Affairs, and Criminal
Justice, Committee on Government Reform and Oversight
House Committee on National Security

Honorable Barbara Boxer, U.S. Senate
Honorable Diane Feinstein, U.S. Senate
Honorable Christopher Cox, U.S. House of Representatives
Honorable Randy Cunningham, U.S. House of Representatives
Honorable Robert K. Torn, U.S. House of Representatives

Audit Team Members

This report was produced by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD.

Paul J. Granetto
Kimberley A. Caprio
Victoria C. Hara
Scott S. Brittingham
A. Dahnelle Alexander